



# WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG

## DESIGNATE TYPE OF COMPLETION

New Well ☒ Temporary Abandon ☐ Work-Over ☐ Deepen ☐ Plug Back ☐ Same Reservoir ☐ Different Reservoir ☐ Oil ☐ Gas ☐ Dry ☐

## DESCRIPTION OF WELL AND LEASE

Operator <b>Gruy Petroleum Management Co.</b>		Address & Phone No. <b>P.O. Box 140907, Irving, TX 75014-0907</b>	
Federal, State or Indian Lease Number or name of lessor if fee lease <b>Santa Fe Whispership</b>		Well Number <b>24-6</b>	Field & Reservoir <b>Wildcat</b>
Location <b>1675' FNL &amp; 2420' FWL</b>		County <b>Apache</b>	
Sec. Township-Range or Block & Survey <b>Section 24-20N-28E</b>			
Date spudded <b>11-01-04</b>	Date total depth reached <b>11-08-04</b>	Date completed, ready to produce <b>NA</b>	Elevation (DF, KB, RT or Gr.) <b>6184' GR</b> feet
Total depth <b>1213</b>	P.B.T.D. <b>1213</b>	Single, dual, or triple completion? <b>Single</b>	Elevation of casing head flange feet
Producing interval(s) for this completion <b>NA</b>		Rotary tools used (interval) <b>All</b>	Cable tools used (Interval)
Was this well directionally drilled? <b>No</b>	Was directional survey made? <b>No</b>	Was copy of directional survey filed?	Date filed
Type of electric or other logs run (check logs filed with the Commission) <b>Gamma Ray Induction, Litho Density Induction</b>			Date filed <b>12-9-04</b>

## CASING RECORD

Casing (report all strings set in well -- conductor, surface, intermediate, producing, etc.)

Purpose	Size hole drilled	Size casing set	Weight (lb./ft.)	Depth set	Sacks cement	Amount pulled
Surface		9 5/8"	36#	208'	120 sx to surface	
Intermediate		7"	20#	894'	894 sx TOC 260	
Production		4 1/2"	11.6#	1179'	50 sx TOC 700'	

## TUBING RECORD

## LINER RECORD

Size	Depth set	Packer set at	Size	Top	Bottom	Sacks cement	Screen (ft.)
2 3/8" in.	1199' ft.	ft.	in.	ft.	ft.		

## PERFORATION RECORD

## ACID, SHOT, FRACTURE, CEMENT SQUEEZE RECORD

Number per ft.	Size & type	Depth Interval	Amount & kind of material used	Depth Interval
4 SPF	3 1/8" slick gun	1181' - 1201'	Treat w 80000 SCF N2	1179" - 1213'

## INITIAL PRODUCTION

Date of first production		Producing method (indicate if flowing, gas lift or pumping -- if pumping, show size & type of pump)					
Date of test <b>NA</b>	Hours tested	Choke size	Oil prod. during test bbls.	Gas prod. during test MCF	Water prod. during test bbls.	Oil gravity *API	
Tubing pressure	Casing pressure	Calculated rate of production per 24 hrs.	Oil bbls.	Gas MCF	Water bbls.	Gas - oil ratio	

Disposition of gas (state whether vented, used for fuel or sold)

Well record only. Well shut-in pending further evaluation

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Manager, Operations Administration of the Gruy Petroleum Management Co. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

12-09-04

Zeno Farris

Signature

Date

Permit No. 921

Mail completed form to:  
Oil and Gas Program Administrator  
Arizona Geological Survey  
416 W. Congress, #100  
Tucson, AZ 85701

Form No. 4

## STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION

Well Completion or Recompletion Report and Well Log

File One Copy

### DETAIL OF FORMATIONS PENETRATED

Form No. 4

## PLUGGING RECORD

Operator <b>Gruy Petroleum Management Co.</b>		Address & Phone number P.O. Box 140907 Irving Tx 75014 972-401-3111	
Federal, State, or Indian Lease No. or lessor's name if fee lease <b>Santa Fe Whispership</b>		Well No. <b>24-6</b>	Field & Reservoir <b>Wildcat</b>
Location of Well <b>1675' FNL &amp; 2420' FWL</b>		Sec - Twp - Rge <b>24-20N-28E</b>	
County <b>Apache</b>			
Application to drill this well was filed in name of <b>Gruy Petroleum Management Co.</b>	Has this well ever produced oil or gas? <b>No</b>	Character of well at completion (initial production) Oil (bbls/day)      Gas (MCF/day)	
Date plugged <b>8-13-05</b>	Total depth <b>1213'</b>	Amount well producing when plugged: Oil (bbls/day)      Gas (MCF/day)      Water (bbls/day)	
Name of each formation containing oil or gas. Indicate which formation open to wellbore at time of plugging	Fluid content of each formation	Depth interval of each formation	Size, kind & depth of plugs used. Indicate zones squeeze cemented, giving amount of cement
<b>Shinarump cased hole</b>	<b>None</b>	<b>980' - 1098'</b>	<b>4 1/2" CIBP @ 1130' fill csg</b>
<b>Moenkopi cased hole</b>	<b>None</b>	<b>1098' - 1179'</b>	<b>from 1130' to sur &amp; top off</b>
<b>Coconino open hole</b>	<b>None</b>	<b>1179' - 1213'</b>	<b>4 1/2 X 7 &amp; 7 X 8/58 Annulus</b>
			<b>w 3.7 cb yds Ready Mix</b>
			<b>weld on 1/4" steel ID plate.</b>

## CASING RECORD

Size pipe	Put in well (ft.)	Pulled out (ft.)	Left in well (ft.)	Give depth and method of parting casing (shot, etc.)	Packers and shoes
9 5/8"	208'	6'	202"		9 5/8" casing shoe
7"	894'	6'	888'	101'-103' perf	7" casing shoe
4 1/2"	1179'	6'	1173'	101'-103' perf	4 1/2" casing shoe

Was well filled with heavy drilling mud, according to regulations?      Indicate deepest formation containing fresh water

## NAME AND ADDRESSES OF ADJACENT LEASE OPERATORS OR OWNERS OF THE SURFACE

Name	Address	Direction from this well
<b>Darlene Naegle</b>	<b>9007 W. Elm # 4</b>	<b>NA</b>
	<b>Phoenix Az 86512</b>	

In addition to other information required on this form, if this well was plugged back for use as a fresh water well, give all pertinent details of plugging operations to base of fresh water sand, perforated interval to fresh water sand, name and address of surface owner, and attach letter from surface owner authorizing completion of this well as a water well and agreeing to assume full liability for any subsequent plugging which might be required.

Use reverse side for additional detail

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Manager, Operations Administration of the Gruy Petroleum Management Co. (company) and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Date 9-6-05

*Zane F. Amis*  
Signature

Permit No. <u>921</u>	<b>STATE OF ARIZONA</b> <b>OIL &amp; GAS CONSERVATION COMMISSION</b> Plugging Record File One Copy Form No. 10
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Mail completed form to:  
Oil and Gas Program Administrator  
Arizona Geological Survey  
416 W. Congress, #100  
Tucson, AZ 85701-1315

## APPLICATION TO PLUG AND ABANDON

FIELD Wildcat  
OPERATOR Gruy Petroleum Management Co. ADDRESS & PHONE P.O. Box 140907 Irving Tx 75039 972-401-3111  
LEASE NUMBER (Lessor's name if fee) Santa Fe Whispership WELL NO. 24-6  
LOCATION 1675' FNL & 2420' FWL Section 24-20N-28E Apache County Arizona  
TYPE OF WELL DRY TOTAL DEPTH 1213'  
(Oil, Gas, or Dry)  
ALLOWABLE (If Assigned) \_\_\_\_\_  
LAST PRODUCTION TEST OIL \_\_\_\_\_ (Bbls.) WATER \_\_\_\_\_ (Bbls.)  
GAS \_\_\_\_\_ (MCF) DATE OF TEST \_\_\_\_\_  
PRODUCING HORIZON \_\_\_\_\_ PRODUCING FROM \_\_\_\_\_ TO \_\_\_\_\_

### 1. COMPLETE CASING RECORD:

Surface - 9 5/8 set at 208' cemented with 120 sx to surface.  
Intermediate - 7" set at 894' cemented with 894 sx. TOC 260'  
Production - 4 1/2" set at 1179' cemented with 50 sx. TOC 700'  
Open Hole from 1179' to 1213'

### 2. FULL DETAILS OF PROPOSED PLAN OF WORK:

Set CIBP @ 1130' w 50' cement plug. Load hole with 9.0 PPG mud.  
Perforate 4 1/2" and 7" casing @ 101' - 103'. Mix and pump 100' cement plug from 3' - 103'. Take returns in bradenhead and 4 1/2" and 7" annulus. Circulate cement to surface.  
Cut off well head 3' below ground level, weld on cap, backfill hole, set dry hole marker, reclaim location.  
See attached well bore schematics.

DATE COMMENCING OPERATIONS TBD

NAME OF PERSON DOING WORK Boyde Poole ADDRESS 14113 Smithurst, Edmond, OK 73013

Zeno Famy  
Signature

Manager, Operations Administration

Title

P. O. Box 140907 Irving, TX 75014-0907

Address

May 26, 2005

Date

Mail two copies of completed form to:  
Oil and Gas Program Administrator  
Arizona Geological Survey  
416 W. Congress #100  
Tucson, AZ 85701

Date Approved 5-27-05

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION

By SL Raitz

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION  
Application to Plug and Abandon  
File Two copies

Form No. 9

Permit No. 921

2/96

**Current OH Completion**

KB: 6190.0'

DF: 6189.0'

GL: 6184.0'

Datum: KB, 6.0' above GL

**Santa Fe Whispership 24-6**

Parker Draw Prospect

Jay Callarman

11/15/04

1675' FNL & 2420' FWL

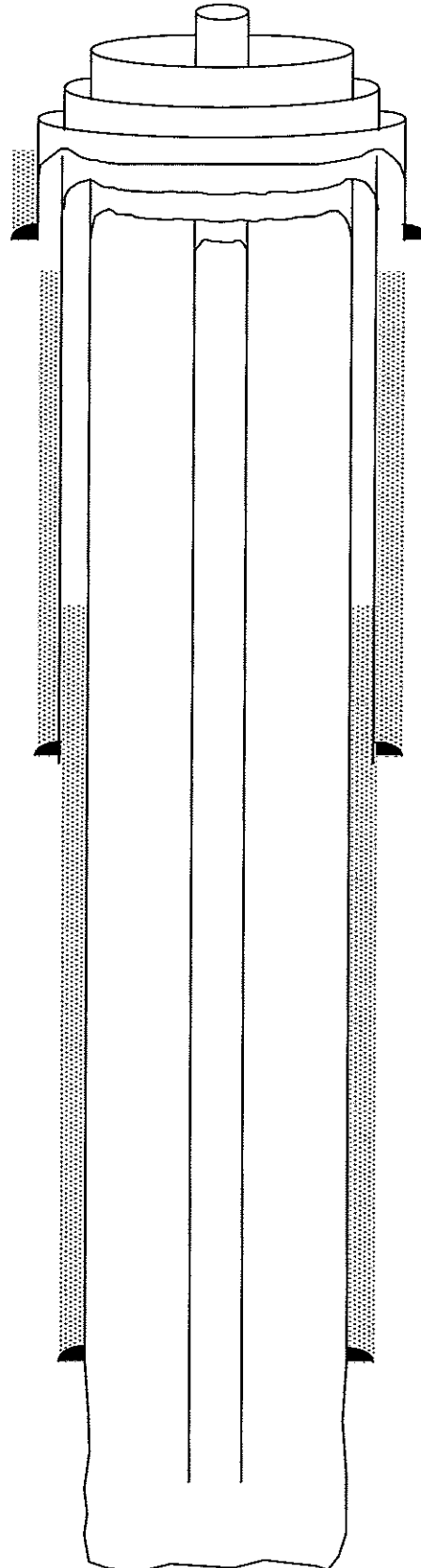
Sec 24 T-20N R-28E

Apache County, Arizona

9-5/8" TOC @ surface, circ

7" TOC calc @ 260'

4-1/2" TOC calc @ 700'



9-5/8" 36# J55 @ 208'  
cmt to surf w/ 120 sx  
12-1/4" hole

2-3/8" 4.7# J55 8rd EUE tbg  
SN @ 1199'

7" 20# J55 @ 894'  
cmt w/ 200 sx  
8-3/4" hole

4-1/2" 11.6# J55 @ 1179'  
cmt w/ 50 sx  
6-1/4" hole

TD = 1210'

**Proposed P&A**

KB: 6190.0'  
DF: 6189.0'  
GL: 6184.0'  
Datum: KB, 6.0' above GL

**Santa Fe Whispership 24-6**  
Parker Draw Prospect

Vaughn Johnson 5/25/2005

1675' FNL & 2420' FWL  
Sec 24 T-20N R-28E  
Apache County, Arizona

9-5/8" TOC @ surface, circ

9-5/8" 36# J55 @ 208'  
cmt to surf w/ 120 sx  
12-1/4" hole

7" TOC calc @ 260'

4-1/2" TOC calc @ 700'

SURFACE

100' cmt plug,  
Circ to surface.

9.0 PPG mud  
w/ 15 lbs/bbl  
sodium bentonite  
and nonfermenting  
polymer

50' cmt plug

TD = 1210'

Dry hole marker. 4" pipe extending 4'  
above ground level. Well location  
and identity permanently inscribed on  
marker.

**Proposed: Perf 4-1/2 and 7" csg at  
101-103'. Mix and pump 100'  
cement plug taking returns on  
bradenhead and 4-1/2 x 7" annulus.**

7" 20# J55 @ 894'  
cmt w/ 200 sx  
8-3/4" hole

**Proposed: CIBP at 1130' with a  
50' cement plug above.**

4-1/2" 11.6# J55 @ 1179'  
cmt w/ 50 sx  
6-1/4" hole



2030 AFTON PLACE  
FARMINGTON, NM 87401  
(505) 325-6622

ANALYSIS NO.: GY240003  
CUST. NO.: 33300-10015

### WELL/LEASE INFORMATION

COMPANY	GRUY PETROLEUM MGT. CO.	SOURCE	
WELL NAME	SF WHISPERSHIP 24-6	PRESSURE	N/A PSIG
COUNTY/STATE	APACHE, AZ	SAMPLE TEMP	N/A DEG.F
LOCATION	20-24N-28E 24-20N-28E	WELL FLOWING	N/A
FORMATION	SHINARUMP	DATE SAMPLED	11/8/2004
CUST.STN.NO.		SAMPLED BY	GRUY

REMARKS: BENZENE = 0.0066% (66 PPM); TOLUENE = 0.0102% (102 PPM);  
ETHYLBENZENE = 0.0006%, (6 PPM); XYLENE = 0.0081% (81 PPM)

### FRACTIONAL ANALYSIS

COMPONENT	MOLE %
HELIUM	0.0271
HYDROGEN	0.0455
OXYGEN	18.6434
NITROGEN	76.2064
CARBON DIOXIDE	0.0586
METHANE	3.6147
ETHANE	0.6253
PROPANE	0.3479
I-BUTANE	0.0763
N-BUTANE	0.1293
I-PENTANE	0.0505
N-PENTANE	0.0342
C6	0.0636
C7	0.0457
C8	0.0202
C9+	0.0113
TOTAL	100.0000

921

BTU/CU. FT. @ 60 DEG.F AND 14.730 PSIA 74.25  
SPECIFIC GRAVITY @ 60 DEG.F 0.9619

CYLINDER NO.	KLF102
CYLINDER PRESSURE	2 PSIG
DATE RUN	11/9/2004
LAB TECH	DAWN BLASSINGAME





2030 AFTON PLACE  
FARMINGTON, NM 87401  
(505) 325-6622

ANALYSIS NO.: GY240004  
CUST. NO.: 33300-10020

### WELL/LEASE INFORMATION

COMPANY	GRUY PETROLEUM MGT. CO.	SOURCE	
WELL NAME	SF WHISPERSHIP 24-6	PRESSURE	N/A PSIG
COUNTY/STATE	APACHE, AZ	SAMPLE TEMP	N/A DEG.F
LOCATION	20-24N-28E 24-20N-28E	WELL FLOWING	N/A
FORMATION	SHINARUMP	DATE SAMPLED	11/8/2004
CUST.STN.NO.		SAMPLED BY	GRUY

REMARKS: BENZENE = 0.0042% (42 PPM); TOLUENE = 0.0036% (36 PPM);  
ETHYLBENZENE = 0.0001% (1 PPM); XYLENE = 0.0024% (24 PPM)

### FRACTIONAL ANALYSIS

COMPONENT	MOLE %
HELIUM	0.0281
HYDROGEN	0.0367
OXYGEN	19.0665
NITROGEN	79.3415
CARBON DIOXIDE	0.0293
METHANE	1.0253
ETHANE	0.1945
PROPANE	0.1138
I-BUTANE	0.0235
N-BUTANE	0.0412
I-PENTANE	0.0190
N-PENTANE	0.0117
C6	0.0273
C7	0.0144
C8	0.0148
C9+	0.0124
TOTAL	100.0000

BTU/CU. FT. @ 60 DEG.F AND 14.730 PSIA 24.00  
SPECIFIC GRAVITY @ 60 DEG.F 0.9669

CYLINDER NO.	AZT030
CYLINDER PRESSURE	3 PSIG
DATE RUN	11/9/2004
LAB TECH	DAWN BLASSINGAME



2030 AFTON PLACE  
FARMINGTON, NM 87401  
(505) 325-6622

ANALYSIS NO.: GY240002  
CUST. NO.: 33300-10010

### WELL/LEASE INFORMATION

COMPANY	GRUY PETROLEUM	SOURCE	
WELL NAME	SF WHISPERSHIP 24-6	PRESSURE	N/A PSIG
COUNTY/STATE	APACHE, AZ	SAMPLE TEMP	50 DEG.F
LOCATION	20-24N-28E <i>24-20N-28E</i>	WELL FLOWING	Y
FORMATION	SHINARUMP	DATE SAMPLED	11/6/04
CUST.STN.NO.		SAMPLED BY	B. POOLE

REMARKS: TAKEN JUST BEFORE CEMENTING 4-1/2" CASING.  
BENZENE=0.0001% (1 PPM); TOLUENE=0.0001% (1PPM)  
ETHYLBENZENE, XYLENE=N/D

### FRACTIONAL ANALYSIS

COMPONENT	MOL %
HELIUM	9.1795
HYDROGEN	0.0035
OXYGEN	0.8090
NITROGEN	89.5619
CARBON DIOXIDE	0.3961
METHANE	0.0100
ETHANE	0.0000
PROPANE	0.0000
I-BUTANE	0.0000
N-BUTANE	0.0000
I-PENTANE	0.0283
N-PENTANE	0.0000
C6	0.0057
C7	0.0038
C8	0.0014
C9+	0.0008
TOTAL	100.0000

BTU/CU. FT. @ 60 DEG.F AND 14.730 PSIA 1.87  
SPECIFIC GRAVITY @ 60 DEG.F 0.9701

CYLINDER NO.	A063
CYLINDER PRESSURE	2 PSIG
DATE RUN	11/7/04
LAB TECH	CHELLE DURBIN



2030 AFTON PLACE  
FARMINGTON, NM 87401  
(505) 325-6622

ANALYSIS NO.: GY240001  
CUST. NO.: 33300-10005

### WELL/LEASE INFORMATION

COMPANY	GRUY PETROLEUM	SOURCE	
WELL NAME	SF WHISPERSHIP 24-6	PRESSURE	N/A PSIG
COUNTY/STATE	APACHE, AZ	SAMPLE TEMP	50 DEG.F
LOCATION	20-24N-28E <i>24-20N-28E</i>	WELL FLOWING	Y
FORMATION	SHINARUMP	DATE SAMPLED	11/6/04
CUST.STN.NO.		SAMPLED BY	B. POOLE

REMARKS: TAKEN JUST BEFORE CEMENTING 4-1/2" CASING.  
BENZENE=0.0001% (1 PPM); TOLUENE, ETHYLBENZENE, XYLENE=N/D

### FRACTIONAL ANALYSIS

COMPONENT	MOL %
HELIUM	9.9286
HYDROGEN	0.0029
OXYGEN	0.6988
NITROGEN	88.7045
CARBON DIOXIDE	0.5890
METHANE	0.0089
ETHANE	0.0000
PROPANE	0.0000
I-BUTANE	0.0000
N-BUTANE	0.0000
I-PENTANE	0.0664
N-PENTANE	0.0000
C6 +	0.0009
TOTAL	100.0000

BTU/CU. FT. @ 60 DEG.F AND 14.730 PSIA  
SPECIFIC GRAVITY @ 60 DEG.F

2.8  
0.9715

CYLINDER NO.  
CYLINDER PRESSURE  
DATE RUN  
LAB TECH

K084  
1 PSIG  
11/7/04  
CHELLE DURBIN

## SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Gruy Petroleum Management Co.

2. OIL WELL ☐ GAS WELL ☒ OTHER ☐ (Specify) \_\_\_\_\_

3. Well Name Santa Fe Whispership 24-6 API No. 02-001-20325

Location 1675' FNL & 2420' FWL

Sec. 24 Twp. 20N Rge. 28E County Apache, Arizona

4. Federal, State, or Indian Lease Number, or lessor's name if fee lease Santa Fe Pacific RR Co.

5. Field or Pool Name Wildcat

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

**NOTICE OF INTENTION TO:**

TEST WATER SHUT-OFF	<input type="checkbox"/>	PULL OR ALTER CASING	<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>	DIRECTIONAL DRILL	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>	PERFORATE CASING	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>

(OTHER) \_\_\_\_\_

**SUBSEQUENT REPORT OF:**

WATER SHUT-OFF	<input type="checkbox"/>	WEEKLY PROGRESS	<input checked="" type="checkbox"/>
FRACTURE TREATMENT	<input type="checkbox"/>	REPAIRING WELL	<input type="checkbox"/>
SHOOTING OR ACIDIZING	<input type="checkbox"/>	ALTER CASING	<input type="checkbox"/>
		ABANDONMENT	<input type="checkbox"/>

(OTHER) \_\_\_\_\_

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)

1. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.

11-21-04 - Perf open hole from 1181 - 1201'. Shut-in well waiting on N2 breakdown.

12-02-04 - Test surface equipment to 5000# treat open hole w 80000 SCF N2. Flow back for 19.5 hrs shut-in for further evaluation.

8. I hereby certify that the foregoing is true and correct.

Signed Zeno Fanch

Title Manager Operation Admin Date 12-08-04

Permit No. 921

**STATE OF ARIZONA**  
**OIL & GAS CONSERVATION COMMISSION**  
 Sundry Notice and Reports On Wells  
 File One Copy

Form No. 25

## SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Gruy Petroelum Management Co.

2. OIL WELL ☐ GAS WELL ☒ OTHER ☐ (Specify) \_\_\_\_\_

3. Well Name Santa Fe Whispership 24-6 API No. 02-001-20325

Location 1675' FNL & 2420' FWL

Sec. 24 Twp. 20N Rge. 28E County Apache, Arizona

4. Federal, State, or Indian Lease Number, or lessor's name if fee lease Santa Fe Pacific RR Co.

5. Field or Pool Name Wildcat

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

**NOTICE OF INTENTION TO:**

TEST WATER SHUT-OFF ☐ PULL OR ALTER CASING ☐  
 FRACTURE TREAT ☐ DIRECTIONAL DRILL ☐  
 SHOOT OR ACIDIZE ☐ PERFORATE CASING ☐  
 REPAIR WELL ☐ CHANGE PLANS ☐

(OTHER) \_\_\_\_\_

**SUBSEQUENT REPORT OF:**

WATER SHUT-OFF ☐ WEEKLY PROGRESS ☒  
 FRACTURE TREATMENT ☐ REPAIRING WELL ☐  
 SHOOTING OR ACIDIZING ☐ ALTER CASING ☐  
 ABANDONMENT ☐

(OTHER) \_\_\_\_\_

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)

1. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

11-01-04 - Spud well ran 36# J-55 9 5/8" casing to 208' cement to surface w 120 sx standard cmt w 2% CC & 1/4# sx flocele circulate 42 sx to pit. WOC 12 Hrs. Test BOP & casing to 1000#. Held OK

11-05-04 - Due to hole problems ran 20# J-55 7" casing to 894' cement w 200 sx standard cement w 2% CC & 1/4# sx flocele. Est TOC 260' WOC 12 Hrs. Test BOP & casing to 1000#. Held OK

11-07-04 - Ran 11.6# J-55 4 1/2" casing to 1179' cement w 50 sx 50/50 POZMIX standard w 2% gel 2% CC 5# sx gilsonitr .15% halad & .25%# sx flocele. Est TOC 700' WOC 12 Hrs. Test BOP & casing to 1200 # Held OK.

11-08-04 - Reached TD 1213' ran logs, set 2 3/8" J-55 tubing w/sn set at 1199'.

11-9-04 Nipple up wellhead, release rig. Monitoring pressure and evaluating completion procedure,

8. I hereby certify that the foregoing is true and correct.

Signed

Zeno Faris

Title

Manager Operation Admin

Date

11-29-04

Permit No. 921

**STATE OF ARIZONA**  
**OIL & GAS CONSERVATION COMMISSION**  
 Sundry Notice and Reports On Wells  
 File One Copy  
 Form No. 25

5/96

RECEIVED

DEC 02 2004

## SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Gruy Petroelum Management Co.

2. OIL WELL ☐ GAS WELL ☒ OTHER ☐ (Specify) \_\_\_\_\_

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**NOTICE OF INTENTION TO:**

TEST WATER SHUT-OFF ☐ PULL OR ALTER CASING ☐  
 FRACTURE TREAT ☐ DIRECTIONAL DRILL ☐  
 SHOOT OR ACIDIZE ☐ PERFORATE CASING ☐  
 REPAIR WELL ☐ CHANGE PLANS ☐

(OTHER) \_\_\_\_\_

**SUBSEQUENT REPORT OF:**

WATER SHUT-OFF ☐ WEEKLY PROGRESS ☒  
 FRACTURE TREATMENT ☐ REPAIRING WELL ☐  
 SHOOTING OR ACIDIZING ☐ ALTER CASING ☐  
 ABANDONMENT ☐

(OTHER) \_\_\_\_\_

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)

1. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.

11-01-04 - Spud well ran 36# J-55 9 5/8" casing to 208' cement to surface w 120 sx standard cmt w 2% CC & 1/4# sx flocele circulate 42 sx to pit. WOC 12 Hrs. Test BOP & casing to 1000#. Held OK

11-05-04 - Due to hole problems ran 20# J-55 7" casing to 894' cement w 200 sx standard cement w 2% CC & 1/4# sx flocele. Est TOC 260' WOC 12 Hrs. Test BOP & casing to 1000#. Held OK

11-07-04 - Ran 11.6# J-55 4 1/2" casing to 1179' cement w 50 sx 50/50 POZMIX standard w 2% gel 2% CC 5# sx gilsonitr .15% halad & .25%# sx flocele. Est TOC 700' WOC 12 Hrs. Test BOP & casing to 1200 # Held OK.

11-08-04 - Reached TD 1213' ran logs, set 2 3/8" J-55 tubing w/sn set at 1199'.

11-9-04 Nipple up wellhead, release rig. Monitoring pressure and evaluating completion procedure,

8. I hereby certify that the foregoing is true and correct.

Signed

Zeno Faus

Title Manager Operation Admin

Date 11-29-04

Permit No. 921

**STATE OF ARIZONA**  
**OIL & GAS CONSERVATION COMMISSION**  
 Sundry Notice and Reports On Wells  
 File One Copy

Form No. 25

RECEIVED

DEC 02 2004

5/96

## SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Gruy Petroleum Management Co.

2. OIL WELL ☐ GAS WELL ☒ OTHER ☐ (Specify) \_\_\_\_\_

3. Well Name Santa Fe Whispership 24-6 API No. 02-001-20325

Location 1675' FNL & 2420' FWL

Sec. 24 Twp. 20N Rge. 28E County Apache, Arizona

4. Federal, State, or Indian Lease Number, or lessor's name if fee lease Santa Fe Pacific RR Co.

5. Field or Pool Name Wildcat

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

**NOTICE OF INTENTION TO:**

TEST WATER SHUT-OFF ☐ PULL OR ALTER CASING ☒  
 FRACTURE TREAT ☐ DIRECTIONAL DRILL ☐  
 SHOOT OR ACIDIZE ☐ PERFORATE CASING ☐  
 REPAIR WELL ☐ CHANGE PLANS ☐

(OTHER) \_\_\_\_\_

**SUBSEQUENT REPORT OF:**

WATER SHUT-OFF ☐ WEEKLY PROGRESS ☐  
 FRACTURE TREATMENT ☐ REPAIRING WELL ☐  
 SHOOTING OR ACIDIZING ☐ ALTER CASING ☐  
 ABANDONMENT ☐

(OTHER) \_\_\_\_\_

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)

1. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.

Due to encountering hole problems intend to set 20# 7" J-55 to 900' and 11.6# J-55 4 1/2" casing to 1300'

8. I hereby certify that the foregoing is true and correct.

Signed Zeno Farris

Title Manager Operations Admin Date 11-05-04

Permit No. 921

**STATE OF ARIZONA**  
**OIL & GAS CONSERVATION COMMISSION**  
 Sundry Notice and Reports On Wells  
 File One Copy  
 Form No. 25



## PERMIT TO DRILL

This constitutes the permission and authority from the

OIL AND GAS CONSERVATION COMMISSION,  
STATE OF ARIZONA,

To: GRUY PETROLEUM MANAGEMENT CO  
(OPERATOR)

to drill a well to be known as

24--6 SANTA FE WHISPERSHIP  
(WELL NAME)

located 1675' FNL & 2420' FWL

Section 24 Township 20N Range 28E, APACHE County, Arizona.

The 640 ACRES of said  
Section, Township and Range is dedicated to this well.

Said well is to be drilled substantially as outlined in the attached Application and must be drilled  
in full compliance with all applicable laws, statutes, rules and regulations of the State of Arizona.

Issued this 1 day of OCTOBER, 2004, 1904.

OIL AND GAS CONSERVATION COMMISSION

By SC. R. [Signature]  
EXECUTIVE DIRECTOR

OIL & GAS ADMINISTRATOR

PERMIT 00921

RECEIPT NO. 3126

A.P.I. NO. 02-001-20325

State of Arizona  
Oil & Gas Conservation Commission  
Permit to Drill

FORM NO. 27



# APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☒

RE-ENTER OLD WELL ☐

NAME OF COMPANY OR OPERATOR

Gruy Petroleum Management Co.

Address

City

State

Phone Number

P.O. Box 140907

Irving

TX 75014-0707

972-443-6489

Drilling Contractor

Stewart Brothers Drilling Company

fax 469-420-2710

Address

P. O. Box 2067, Milan, NM 87021

## DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor

Santa Fe Whispership

Well number

24-6

Elevation (ground)

6184 GR

Nearest distance from proposed location to property or lease line:

1675'

feet

Distance from proposed location to nearest drilling, completed or applied-for well on the same lease:

NA

feet

Number of acres in lease

640

Number of wells on lease, including this well, completed in or drilling to this reservoir:

1

If lease purchased with one or more wells drilled, from whom purchased.

Name

Address

Well location (give footage from section lines)

1675' FNL & 2420' FWL

Section - Township - Range or Block and Survey

24-20N-28E

Dedication per A.A.C. R12-7-104(A)(3)

640

Field and reservoir (if wildcat, so state)

Wildcat

County

Apache

Distance in miles and direction from nearest town or post office

Proposed depth:

1300'

Rotary or cable tools

Rotary

Approximate date work will start

10-18-04

Bond status

Blanket

Organization Report

Filing Fee of \$25.00

Amount

\$25,000

On file

Or attached

X

Attached

X

Remarks

Drill and evaluate 1300' Coconino test. Upon completion we will request shut-in status pending evaluation of commerciality from this well and additional tests planned.

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the: Manager Operations Administration of the Gruy Petroleum Management Co. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

API # 02-001-20325

*Zeno Farris*

Signature

9-27-04

Date

Mail completed form to:  
Oil and Gas Program Administrator  
Arizona Geological Survey  
416 W. Congress, #100  
Tucson, AZ 85701-1315

Permit Number:

921

Approval Date:

10-1-04

Approved By:

*SL Raitz*

NOTICE: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

**STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION**

Application to Drill or Re-enter  
File Two Copies

Form No. 3

- Operator shall outline the dedicated acreage for both oil and gas wells on the plat.
- A registered professional land surveyor registered in the State of Arizona or approved the Commission shall Show on the plat the location of the well and certify this information in the space provided.
- ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION
- Is the Operator the only owner in the dedicated acreage outlined on the plat below ? YES ☒ NO ☐
- If the answer to the question four is "no," have the interests of all the owners been consolidated by communitization agreement otherwise ? YES ☐ NO ☐. If answer is "yes," Type of Consolidation
- If the answer to question four is "no," list all the owners and their respective interests below:

Owner Gruy Petroleum Management Co.	Land Description : Section 24, T.20 N., R.28 E., GSRBM Santa Fe 1675' FNL and 2420' FWL Whispership 24 #6 Apache County, AZ elevation: 6184' MSL from GPS
--	--

**CERTIFICATION**

I hereby certify that the information above is true and complete to the best of my knowledge and belief,

*Zeno Farris*

Name  
Zeno Farris

Position  
Mgr., Operations Admin.

Company  
Gruy Petroleum Management Co.

Date  
September 27, 2004

I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed : 09 07 '04

Registered Professional Surveyor

Gerald G Huddleston

Certificate No. 14668 LS

\* from 1987 BLM

\*\* calculated

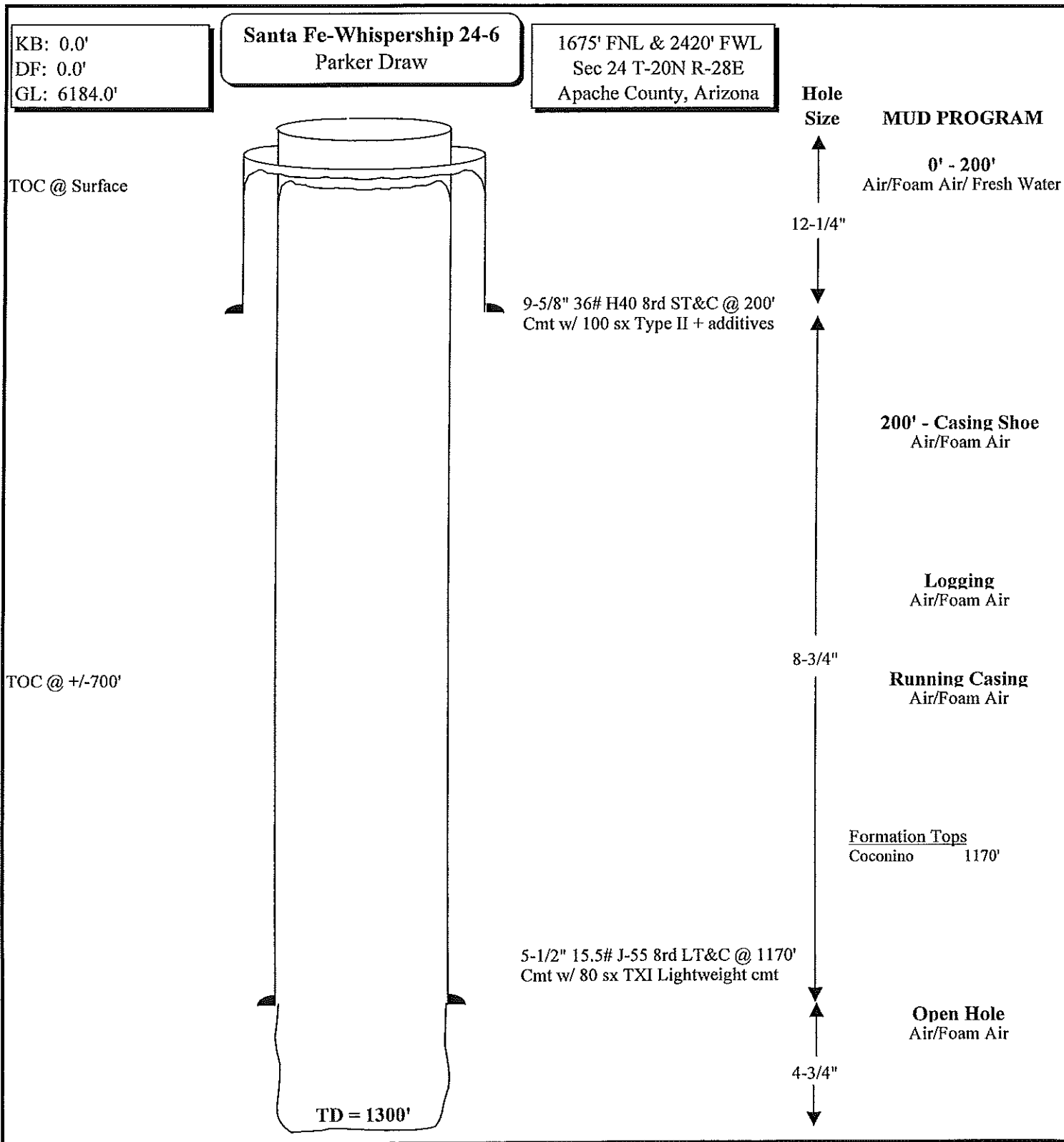
• find iron pin/cap

## PROPOSED CASING PROGRAM

Size of casing 9-5/8"	Weight 36#	Grade & Type H-40 8 RD	Top 0'	Bottom 200'	Cementing Depths Surface	Sacks Cement 100	Type Type II + Additives
5-1/2"	15.5#	J-55 8 RD	0	80'	TOC 700'	80	XI Light Weight

# DRILLING PROGNOSIS

921



## Application to Drill

Gruy Petroleum Management Co.  
Santa Fe Whispership 24-6  
Unit Letter F Section 24  
T20N - R28E Apache County, AZ

921

In response to questions asked under Title 12, Chapter 7, Article 1, the following information is provided for your consideration:

- 1 Location: 1675' FNL & 2420' FWL Sec. 24- 25S 26E
- 2 Elevation above sea level: GR 6184'
- 3 Geologic name of surface formation: Quaternary Alluvium Deposits
- 4 Drilling tools and associated equipment: Conventional rotary drilling rig using Foam Air as a circulating medium for solids removal.
- 5 Proposed drilling depth: 1300'
- 6 Estimated tops of geological markers:

Shinarump	964'
Moenkopi	1056'
Coconino	1170'
- 7 Possible mineral bearing formation:

Coconino	He
----------	----
- 8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
12 1/4"	0-200'	9 5/8"	36	8-RD	ST&C	H-40
8 3/4"	0-1170'	5 1/2"	15.5	8-RD	ST&C	J-55
4 3/4"	1170-1300'	Open Hole	NA	NA	NA	NA

## Application to Drill

Gruy Petroleum Management Co.  
Santa Fe Whispership 24-6  
Unit Letter F Section 24  
T20N - R28E Apache County, AZ

921

### 9 Cementing & Setting Depth:

9 5/8"	Surface	Set 200' of 9 5/8" H-40 36# ST&C casing. Cement with 100 Sx. Of Premium Plus cement + additives, circulate cement to surface.
5 1/2"	Production	Set 1170' of 5 1/2" J-55 15.5# ST&C casing. Cement with 100 sx of Lite cement. Estimated TOC 700'

### 10 Pressure Control Equipment:

A 9 5/8" 3000 PSI working pressure B.O.P. with a 3000 # annular type preventer. A drill string safety valve in the open position will be available on the rig floor. BOP unit will be hydraulically operated. BOP will be nipped up on the 9 5/8" casing and will be operated at least once a day while drilling and the annular preventer will be shut when out of hole during trips. No abnormal pressure or temperature are expected while drilling.

### 11 Proposed Mud Circulating System:

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0 - 200'	NA	NA	NA	Foam Air
200' - 1170'	NA	NA	NA	Foam Air
1170' - 1300'	NA	NA	NA	Form Air

## Application to Drill

Gruy Petroleum Management Co.  
Santa Fe Whispership 24-6  
Unit Letter F Section 24  
T20N - R28E Apache County, AZ

921

### 12 Testing, Logging and Coring Program:

- A. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
- B. No DST's, or cores are planned at this time.

### 13 Potential Hazards:

No abnormal pressures or temperatures or H2S gas are expected. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 120 PSI, estimated BHT 85.

### 14 Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after approval of APD. Anticipated spud date 10-20-04. Drilling expected to take 4 - 7 days. If casing is run additional time will be required to complete and evaluate the commercial status of this well and additional offsets. Taking into consideration deliverability of wells drilled in the test program, and the cost of production facilities. It is anticipated that this evaluation process could take as much as a year.

### 15 OPERATORS REPRESENTATIVE

Gruy Petroleum Management Co.  
P.O. Box 140907  
Irving TX 75014  
Office Phone: 972-443-6489  
Zeno Farris

CERTIFICATION: I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Gruy Petroleum Management Company and/or it's contractors/subcontractors, and will be in conformity with this plan and the terms and conditions under which it is approved.

NAME:

Zeno Farris

DATE:

9/27/2004

TITLE:

Manager, Operations Administration

# ORGANIZATION REPORT

Full Name of the Company, Organization, or Individual  
Gruy Petroleum Management Co.

Mailing Address and Phone Number  
P. O. Box 140907, Irving TX 75014-0907

Plan of Organization (State whether organization is a corporation joint stock association, firm or partnership, or individual Corporation)

Purpose of Organization (State type of business in which engaged)  
Exploration and production of oil and natural gas.

If a reorganization, give name and address of previous organization

If a foreign corporation give (1) State where incorporated  Texas	(2) Name and mailing address of state agent  Corporation Service Company 2388 W. Palm Road, Suite J Phoenix AZ 85201	(3) Date of permit to do business in state  July 20, 2004
Principal Officers or Partners (If partnership) NAME	TITLE	MAILING ADDRESS
Gary C. Evans	Chief Executive Officer	2100 La Rochelle Flower Mound Tx 75022
Richard R. Frazier	President, Chief Operating Officer	1718 Greentree Ln Duncanville Tx 75137
Chris Tong	Chief Financial Officer, Sr. Vice President	3713 Sandhurst Dr Flower Mound Tx 75022

DIRECTORS NAME

MAILING ADDRESS

CERTIFICATE I, the undersigned, under the penalty of perjury state that I am the Manager, Operations Administration of the Gruy Petroleum Management Co. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Zeno Farris  
Signature

September 27, 2004  
Date

Mail completed form to  
Oil and Gas Program Administrator  
Arizona Geological Survey  
416 W Congress., #100  
Tucson, AZ 85701

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION

Organization Report  
File One Copy

Form No. 1

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS

Bond Serial No. RLB0007431

That we: Gruy Petroleum Management Co.

of the County of Dallas in the State of Texas

as principal, and RLI Insurance Company

of 8 Greenway Plaza, Suite 400, Houston, TX 77046

AUTHORIZED TO DO BUSINESS WITHIN THE STATE OF ARIZONA

as surety, are held and firmly bound unto the State of Arizona and the Oil and Gas Conservation Commission, hereinafter referred to as the "Commission", in the penal sum of \$25,000.00 lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.

The conditions of this obligation are that, whereas the above bounden principal proposes to drill a well or wells for oil, gas or stratigraphic purposes in and upon the following described land situated within the State, to-wit:

BLANKET

(May be used as blanket bond or for single well)

NOW THEREFORE, if the above bounden principal shall comply with all the provisions of the Laws of this State and the rules, regulations and orders of the Commission, especially with reference to the requirements of A.R.S. § 27-516, providing for the proper drilling, casing and plugging of said well or wells, and filing with the Oil and Gas Conservation Commission all notices and records required by said Commission, then in the event said well or wells do not produce oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities, this obligation is void; otherwise it shall remain in full force and effect.

Whenever the principal shall be, and declared by the Oil and Gas Conservation Commission in violation of the Laws of this State and the rules, regulations and orders of the Commission, the surety shall promptly:

1. Remedy the violation by its own efforts, or
2. Obtain a bid or bids for submission to the Commission to remedy the violation, and upon determination by the Commission and the surety of the lowest responsible bidder, arrange for a contract between such bidder and the Commission, and make available as work progresses sufficient funds to pay the cost of remedying the violation; but not exceeding, including other costs and damages for which the surety may be liable hereunder, the amount set forth in the first paragraph hereof.

Liability under this bond may not be terminated without written permission of this Commission.

WITNESS our hands and seals, this 13 day of July, 2004

Gruy Petroleum Management Co.

BY: Richard R. Frazier

Richard R. Frazier

Principal President, Chief Operating Officer

WITNESS our hands and seals, this 13 day of July, 2004

RLI Insurance Company

BY: Paul M. O'Sullivan

Paul M. O'Sullivan,

Surety

Attorney-in-Fact

(Surety, Resident Arizona Agent  
if issued in a state other than Arizona)

(If the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corporation affixed. When principal or surety executes this bond by agent, power of attorney or other evidence of authority must accompany the bond.)

Approved  
Date 10-1-04  
STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION

By: SC Raring

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION  
Bond  
File Two Copies

Form No. 2

Permit No. \_\_\_\_\_





RLI Insurance Company | 9025 North Lindbergh Dr.  
Peoria, IL 61615-1499 | Ph. (309) 692-1000

RLB0007431

## POWER OF ATTORNEY

RLI Insurance Company

### Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: PAUL M. O'SULLIVAN in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$25,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

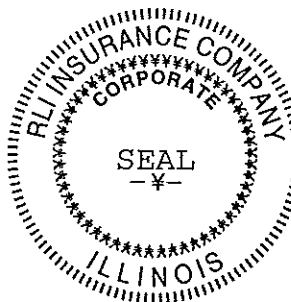
(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT, CEO with its corporate seal affixed this

ATTEST:

Camille J. Hensey  
Corporate Secretary

State of Illinois )  
County of Peoria ) SS



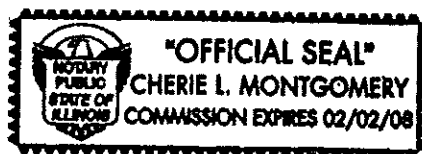
By:

RLI INSURANCE COMPANY

Michael J. Stone  
President, CEO

On this 13 day of July, 2004 before me, a Notary Public, personally appeared Michael J. Stone and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President, CEO and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery  
Notary Public



GRUY PETROLEUM MANAGEMENT CO.  
3500 WILLIAM D TATE AVE, STE 200  
GRAPEVINE, TX 76051  
Tollfree 877-416-4206

COMPASS BANK  
LAKE JACKSON, TEXA.

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
ARIZONA GEOLOGICAL SURVEY	37091	09/27/04	22099242	***\$25.00*

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
09-AP-5676	040917A	09/17/04	25.00	0.00	25.00
Permit fees					
TOTAL INVOICES PAID					25.00

<b>RECEIPT</b>		Date <u>10-1-2004</u>	No. <u>3126</u>
Received From <u>Grug Petroleum Management Co.</u>			
Address <u>3500 William D Tate Ave Ste 200 Grapevine TX 76051</u>			
<u>Twenty five and no</u>		Dollars \$ <u>25.00</u>	
For <u>Filing Fee for Permit 921</u>			
ACCOUNT		HOW PAID	
AMT. OF ACCOUNT		CASH	
AMT. PAID		CHECK	<u>25.00</u>
BALANCE DUE		MONEY ORDER	
		By <u>SL Ruiz</u>	

8K306 Rediform

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING

**WARNING! VALID CHECK CONTAINS A GREEN PANTOGRAPH & TRUE CHAIN LINK WATERMARK. HOLD AT LIGHT TO VIEW.**

GRUY PETROLEUM MANAGEMENT CO.  
3500 WILLIAM D TATE AVE, STE 200  
GRAPEVINE, TX 76051  
Tollfree 877-416-4206

COMPASS BANK  
LAKE JACKSON, TEXAS

35-2232  
1131

CHECK No.  
**22099242**

EXACTLY **\$25.00**

CHECK NUMBER	CHECK DATE	PAY EXACTLY
22099242	09/27/04	***\$25.00*

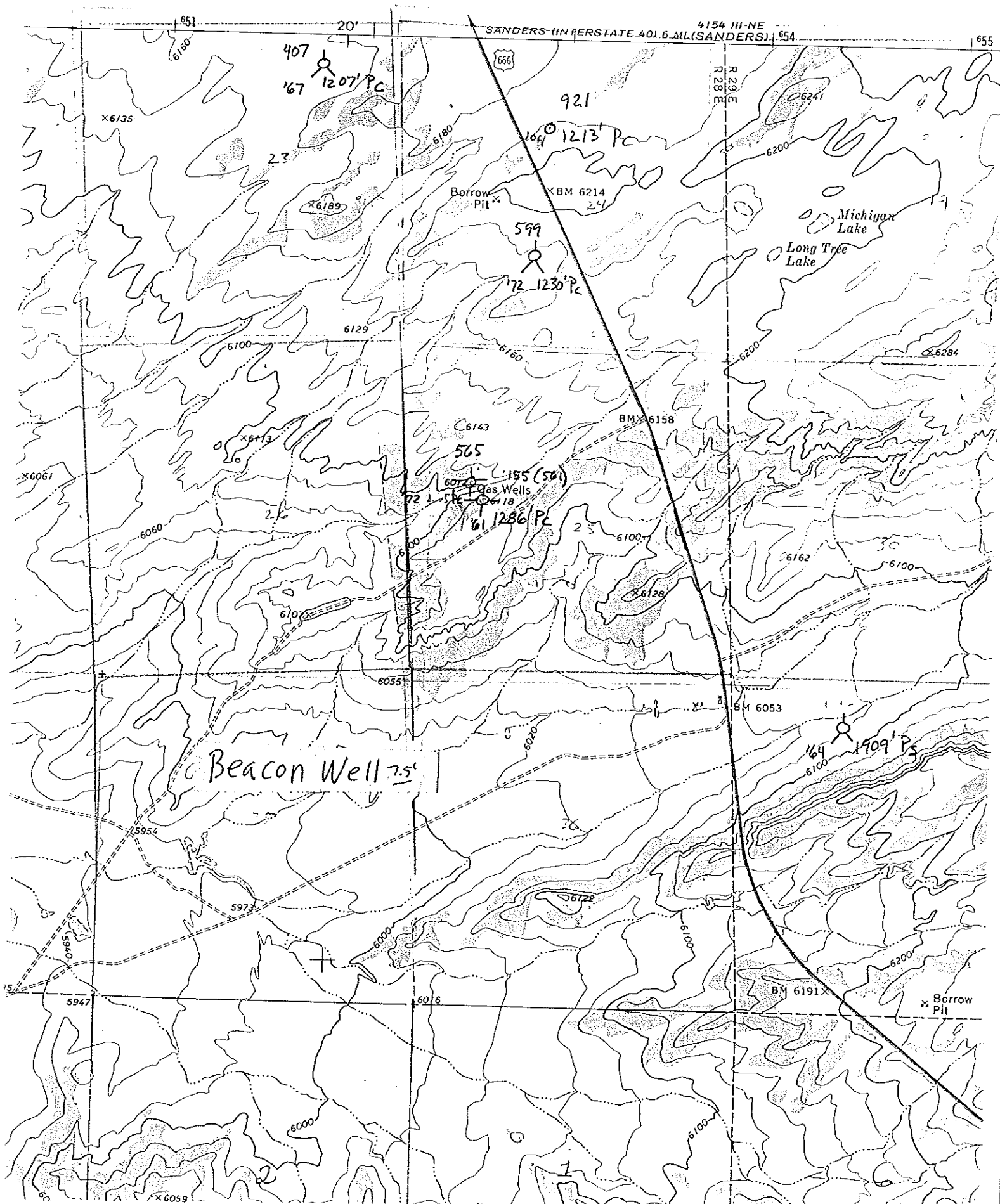
TO  
THE  
ORDER  
OF

ARIZONA GEOLOGICAL SURVEY  
416 W CONGRESS STE 100  
TUCSON, AZ 85701

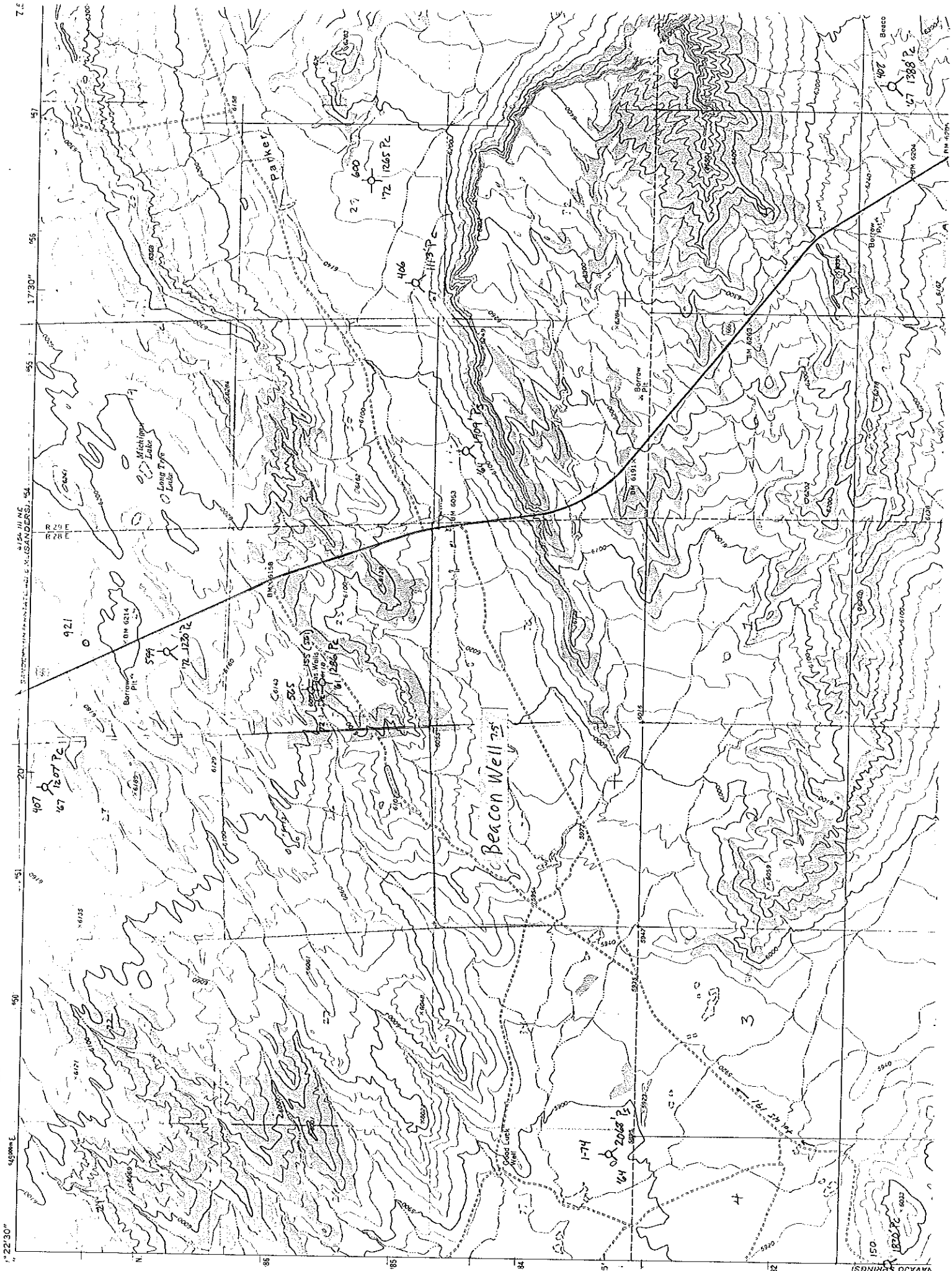
By [Signature]

0022099242 113122325 0087546993

HP 52  
AP 33



GEOLOGICAL SURVEY



**GRUY PETROLEUM MANAGEMENT CO**

**Operator:** Gruy Petroleum Management Co

**Bond Company:** RLI Insurance Co

**Bond No.:** RLB0007431

**Amount:** \$25,000.00

**Date of Bond:** 7/13/2004

**Date approved:** 10/1/2004

**Permits covered by this bond:**

920

921



**Gruy Petroleum Management Co.**

5215 N. O'Connor Blvd. ♦ Suite 1500 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6486

Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

*A subsidiary of Cimarex Energy Co. • A NYSE Listed Company • "XEC"*

April 18, 2006

Arizona Geological Survey  
416 West Congress; Ste. 100  
Tucson, AZ 85701  
Attn: Mr. Steven Rauzi

920

RE: Santa Fe Goodyear 12-11  
Santa Fe Whispership 24-6 ✓

Dear Mr. Rauzi:

The referenced wells were drilled in late 2004 by Gruy Petroleum Management Co. as open hole Coconino helium. The Santa Fe Goodyear 12-11 was drilled to a total depth of 1025' and after perfring and treating with 80,000 SCF N<sub>2</sub>, the well had a SITP and SICP of 16 psi. One gas sample was taken from the top of the Coconino which showed 7.225% He..

{ The Santa Fe Whispership was drilled to a total depth of 1213' and after perfring and treating with 80,000 SCF N<sub>2</sub> the well had a SITP and SICP of 0 psi. Four gas samples were taken with initial samples indicating approximately 9% He and subsequent samples indicating .027% He.

Reservoir pressure in both wells was not sufficient for commercial helium wells. Copies of the gas analysis are attached for your information.

If additional information is required or if you have any questions please feel free to call the undersigned at 972-443-6489.

Sincerely,

Zeno Farris

Zeno Farris  
Manager, Operations Administration  
Permian Basin Region

600 East Las Colinas Blvd.  
Suite 1100  
Irving, TX 75039  
469-420-2723 (phone)  
469-420-2710 (fax)

# Gruy Petroleum Management Co

September 6, 2005

Arizona Geological Survey  
416 West Congress; Ste. 100  
Tucson, AZ 85701  
Attn: Mr. Steven Rauzi

RE: Santa Fe Whispership <sup>24-6</sup>~~26-6~~  
API: 02-001-20325  
1675' FNL & 2420' FWL  
Sec 24-T20N-R28E  
Apache Co, AZ

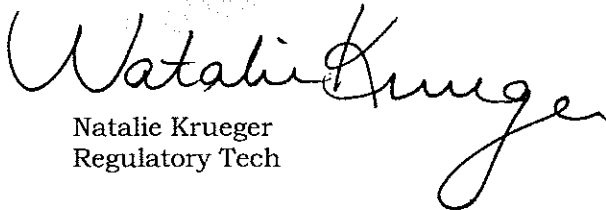
921

Dear Mr. Rauzi,

Please find enclosed (1) one original and (1) one copy of Form No. 10, Plugging Record, for the well mentioned above.

If you have any questions or need further information, please feel free to call me at 469-420-2723.

Sincerely,

  
Natalie Krueger  
Regulatory Tech

[nkrueger@cimarex.com](mailto:nkrueger@cimarex.com)

V. 78, no. 153

921

## Cimarex posts 43% rise in second-quarter earnings

CIMAREX ENERGY Co, Denver, reported results from operations for the quarter ended June 30, 2005. As previously reported (RMRR 6-8-05), the company completed the acquisition of Irving, Texas-based Magnum Hunter Resources Inc in June. Financial results for the second quarter of 2005 include results of operations from the acquired assets for 23 days. Expenses related to the merger recorded in the second quarter of 2005 totaled \$6.7 million, or \$4.3 million after-tax (\$0.08 per share). Cimarex also recorded a loss on derivative instruments related to the commodity swaps and collars assumed in the merger of \$2.0 million, or \$1.3 million after-tax (\$0.02 a share).

Including items related to the merger, net income for the second quarter of 2005 was \$52.5 million (\$0.98 per diluted share). That compares to second-quarter 2004 earnings of \$36.5 million (\$0.85 per share).

Revenues from oil and gas sales rose 60 percent in the second quarter of 2005, to \$185.0 million, compared to \$115.3 million in the same

period of 2004. Second-quarter 2005 cash flow from operations totaled \$132.7 million, versus \$84.5 million the year before.

For the first six months of 2005, Cimarex reported net income of \$95.8 million (\$1.98 a share), up from \$66.3 million (\$1.56 per share), for the comparable period of 2004. Oil and gas sales for the first half of 2005 totaled \$322.4 million, up from \$210.8 million the year before. Cash flow from operations increased to \$233.3 million from \$152.3 million a year earlier. The increases in oil and gas revenues, earnings and cash flow were due to higher oil and natural gas prices and record production volumes, the company said. The increase in production is attributable to the addition of Magnum Hunter operations during the second quarter and continued positive drilling results.

Production averaged 295 million cu ft of natural gas equivalent (MMcfge) daily during the second quarter of 2005, versus 220 MMcfge daily a year earlier.

Exploration and development (E&D) expenditures during the second quarter of 2005 totaled

\$141.0 million, up from \$81.6 million for the second quarter of 2004. Included in second-quarter 2005 expenditures was \$32.7 million incurred on Magnum Hunter properties during June. In the second quarter of 2005, the company participated in drilling 121 (gross) wells, with an overall success rate of 93 percent. On a net basis, 53 of 60 wells drilled during the second quarter were successful, Cimarex said.

E&D capital expenditures for the first six months of 2005 were \$233.7 million, up from \$150.2 million the year before. The company drilled 180 gross (96 net) wells during the first six months of 2005, realizing a success rate of 89 percent.

For the second half of 2005, Cimarex's E&D expenditures are projected to total approximately \$325 million. Together with first-half spending by Cimarex and Magnum Hunter, total combined 2005 E&D expenditures are projected at approximately \$700 million.

Cimarex's second-half 2005 aggregate production is expected to range from 475-490 MMcfge per day (77 percent natural gas).



921

PI/Dwights

**Drilling Wire™**

**Rocky  
Mountain**



Jim Anderson-Managing Editor  
Phone: 303-736-3639  
Email: jim.anderson@ihsenergy.com

Ed Marker-Editor  
Phone: 303-736-3232  
Email: ed.marker@ihsenergy.com

Bob Knowles-Editor  
Phone: 303-736-3586  
Email: bob.knowles@ihsenergy.com

Steve Trammel-Product Manager  
Phone: 303-736-3259  
Email: steve.trammel@ihsenergy.com

For questions regarding well or production data,  
you may e-mail well.data@ihsenergy.com, or  
production.data@ihsenergy.com  
Circulation/product delivery: 800-645-3282



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PI/Dwights Plus Drilling Wire™, Rocky Mountain (USPS 113-170). Price: \$3,432 per year. Published daily except Saturday and Sunday by IHS Energy, 15 Inverness Way E., Englewood, CO 80112-5776. Periodicals postage paid at Englewood CO 80112 and additional offices. Postmaster: Send address changes to: PI/Dwights Plus Drilling Wire™, Rocky Mountain, IHS Energy, 15 Inverness Way E., Englewood, CO 80112-5776.

## Cimarex closes acquisition of Magnum Hunter

CIMAREX ENERGY Co, Denver, has completed the previously announced (RMRR 1-27-05) acquisition of Irving, Texas-based Magnum Hunter Resources Inc. When originally disclosed, the transaction was valued at about \$2.1 billion, including \$645 million in Magnum Hunter debt.

As a result of the merger, Magnum Hunter will be a wholly owned subsidiary of Cimarex, and the combined organization will be based in Denver.

Magnum Hunter stockholders will receive 0.415 shares of Cimarex common stock in exchange for each share of Magnum Hunter common

stock. Cimarex will issue approximately 59.5 million common shares to Magnum Hunter stockholders and will then have approximately 81.3 million shares outstanding.

Upon closing Cimarex will have a market capitalization of approximately \$3.2 billion. Including debt, enterprise value exceeds \$3.7 billion. Year-end 2004 pro forma combined proved reserves total 1.5 trillion cu ft of natural gas equivalent (Tcfe), comprised of 67 percent natural gas. First-quarter 2005 pro forma combined production was 482.5 million cu ft of natural gas equivalent (MMcfe) per day. Cimarex will have approximately 600 employees.

### Contents

Newsletter .....	Section I
Western Colorado .....	Section II
Utah .....	Section III
Arizona/Nevada .....	Section IV
Northern New Mexico .....	Section V

600 East Las Colinas Blvd.  
Suite 1100  
Irving, TX 75039  
469-420-2723 (phone)  
469-420-2710 (fax)

# Gruy Petroleum Management Co

May 26, 2005

Arizona Geological Survey  
416 West Congress; Ste. 100  
Tucson, AZ 85701  
Attn: Mr. Steven Rauzi

921

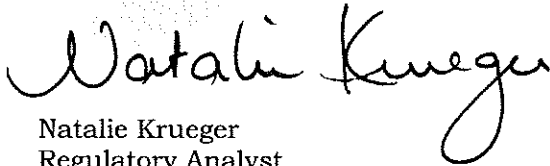
RE: Santa Fe Whispership 26-6  
API: 02-001-20325  
1675' FNL & 2420' FWL  
Sec 24-T20N-R28E  
Apache Co, AZ

Dear Mr. Rauzi,

Please find enclosed (1) one original and (1) one copy of Form No. 9, Application to Plug and Abandon, for the above-mentioned well.

If you have any questions or need further information, please feel free to call me at 469-420-2723.

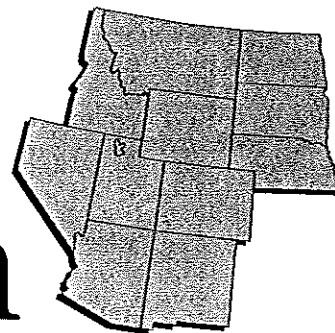
Sincerely,



Natalie Krueger  
Regulatory Analyst

[nkrueger@magnumhunter.com](mailto:nkrueger@magnumhunter.com)

# Rocky Mountain



921

**Southeastern Edition**

January 27, 2005 Volume 78 Number 19



## Cimarex to acquire Magnum Hunter in \$1.5 billion stock deal

Company also to assume \$645 million of debt

**C**IMAREX ENERGY Co and Magnum Hunter Resources Inc have agreed to a plan of merger that provides for the acquisition by Cimarex of Irving, Texas-based Magnum Hunter. Cimarex, based in Denver, plans to retain an office in the Dallas/Fort Worth area and will integrate those operations with its activities conducted from Denver and Tulsa. Cimarex was created through the September 2002 combination of Helmerich & Payne Inc's oil and gas division with Key Production Co Inc.

Terms of the merger agreement provide that Magnum Hunter shareholders will receive 0.415 shares of Cimarex common stock for each share of Magnum Hunter common stock

owned. Based on the closing price of Cimarex common stock on January 25, the acquisition is valued at approximately \$1.5 billion. Including the assumption by Cimarex of Magnum Hunter's debt—which totaled \$645 million at year-end 2004—the total transaction value is approximately \$2.1 billion.

In addition to the merger consideration and prior to closing, Magnum Hunter plans to distribute a special dividend representing its 29.3 percent ownership interest in TEL Offshore Trust. The current market value of the trust units that Magnum Hunter owns is approximately \$15 million, which would equate to a dividend value of \$0.17 per Magnum Hunter share.

As of October 1, 2004, Magnum Hunter's internally estimated total proved reserves were approximately 1.0 trillion cu ft of natural gas equivalent (Tcfe) (61 percent natural gas and 72 percent proved developed). Those estimates were prepared using Securities and Exchange Commission guidelines using then-current prices and cost estimates together with the company's current drilling and development plan for proved non-producing and undeveloped locations.

Magnum Hunter's primary areas of operations include southeastern New Mexico (23 percent of reserves, 24 percent of production), other Permian Basin

*(Continued on following page)*

PI/Dwights

## Drilling Wire™

### Rocky Mountain



Jim Anderson-Managing Editor  
Phone: 303-736-3639  
Email: jim.anderson@ihsenergy.com

Ed Marker-Editor  
Phone: 303-736-3232  
Email: ed.marker@ihsenergy.com

Bob Knowles-Editor  
Phone: 303-736-3586  
Email: bob.knowles@ihsenergy.com

Steve Trammel-Product Manager  
Phone: 303-736-3259  
Email: steve.trammel@ihsenergy.com

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(Cimarex/Magnum Hunter, from preceding page)

(36 percent of reserves, 22 percent of production), the Mid-Continent (25 percent of reserves, 20 percent of production), the onshore Gulf Coast (eight percent of reserves, seven percent of production), and the shallow-water Gulf of Mexico (eight percent of reserves, 28 percent of production).

Late last year (RMRR 11-12-04, *This Week*), Magnum Hunter acquired oil and gas properties in the Permian Basin of West Texas from an undisclosed privately-held company for \$40 million.

Magnum Hunter put itself in play last October when it engaged Deutsche Bank Securities and Merrill Lynch & Co as financial advisors to assist it in investigating all possible alternatives available to the company for the enhancement of shareholder value.

Cimarex estimates that its year-end 2004 proved reserves totaled 449 billion cu ft of natural gas equivalent (Bcfe) (81 percent gas and 99 percent proved developed). Its operations are focused on the Mid-Continent and Gulf Coast areas of the U.S.

Commenting on the transaction, F.H. Merelli, chairman and chief

executive officer of Cimarex, said, "We saw in Magnum Hunter the clear opportunity to expand in our existing core areas and to add new projects, all without jeopardizing our strong financial position. Their properties provide a substantial footprint in the Permian Basin from which we can grow, measured exposure to high-potential projects in the Gulf of Mexico, and a nice overlap in some of our other areas of operations. The merger structure allows Cimarex to greatly expand its balanced-risk drilling program underpinned by a strong balance sheet. This is all about continuing to build a better company."

Gary C. Evans, president, chairman and chief executive officer and founder of Magnum Hunter, noted that the proposed terms of the transaction imply a purchase price of \$16.67 per Magnum Hunter share or a premium of 26 percent. With the additional contemplated distribution of TEL Offshore Trust units, the overall consideration implies a price of \$16.84 per share, Evans added.

The acquisition would triple

(Continued on Page 4)

### Contents

Newsletter .....	Section I
Eastern Colorado .....	Section II
Nebraska .....	Section III

*(Cimarex/Magnum Hunter, from Page 2)*

Cimarex's proved reserves, double its production and extend its reserve life. In addition, it would establish the Permian Basin as a substantial core area and add highly complementary operations in the Mid-Continent and Gulf Coast areas as well as high-potential opportunities in the Gulf of Mexico (water depths less than 600 ft).

The acquisition is expected to be "meaningfully accretive" to per-share reserves, production and cash flow, Cimarex said.

Year-end 2004 proved reserves of the combined company, on a pro forma basis, were more than 1.3 Tcfe (68 percent gas and 83 percent proved developed). During the due diligence process conducted in connection with Magnum Hunter's review of strategic alternatives, Cimarex has formulated a preliminary drilling and development plan for Magnum Hunter's properties. Based on that plan and at the time of its announcement to acquire the company, Cimarex anticipates categorizing as total proved reserves approximately 900 Bcfe, of which 75 percent would be considered proved developed.

Pro forma combined fourth-

quarter 2004 estimated net production was about 480 million cu ft of natural gas equivalent (MMcfge) daily, of which approximately 23 percent was hedged. Pro forma combined full-year 2005 estimated production is projected at approximately 500 MMcfge per day, of which approximately 18 percent is currently subject to hedging agreements.

The reserve life index of 7.7 years is based on Cimarex's estimate of combined year-end 2004 proved reserves and fourth-quarter 2004 production.

Cimarex said there are a combined 925 identified future low-to-moderate risk drilling locations in the Permian Basin and Mid-Continent regions. In addition, the acquisition exposes Cimarex to higher-potential drilling projects in the Gulf Coast and Gulf of Mexico, the company said.

Combined, the two companies have budgeted more than \$600 million for exploration and development expenditures in 2005.

The merger is expected to be non-taxable to the shareholders of both companies. As a result of the merger transaction—and based on

the 87.1 million Magnum Hunter common shares currently outstanding—Cimarex expects to issue approximately 36.1 million common shares to Magnum Hunter's common stockholders. On that basis, it is anticipated that after closing, the combined company would have approximately 78 million basic shares outstanding and that Cimarex shareholders would own 53.6 percent and Magnum Hunter shareholders 46.4 percent.

Magnum Hunter also has approximately 7.2 million transferable common stock purchase warrants outstanding that expire March 21, 2005, and entitle the holders to purchase directly from Magnum Hunter one share of common stock for each warrant at a price of \$15.00 per share.

The merger agreement is subject to favorable votes by the shareholders of both companies, customary regulatory approvals and certain closing conditions. Upon completion of the transaction, one existing board member from Magnum Hunter will join the Cimarex board of directors. The merger transaction is expected to be completed during the second quarter.

600 East Las Colinas Blvd.  
Suite 1100  
Irving, TX 75039  
469-420-2723 (phone)  
469-420-2710 (fax)

# Gruy Petroleum Management Co

December 8, 2004

Arizona Geological Survey  
416 West Congress; Ste. 100  
Tucson, AZ 85701  
Attn: Mr. Steven Rauzi

921

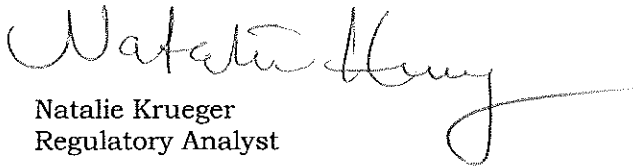
RE: Santa Fe Whispership 26-6  
API: 02-001-20325  
1675' FNL & 2420' FWL  
Sec 24-T20N-R28E  
Apache Co, AZ

Dear Mr. Rauzi,

Please find enclosed (1) one original and (1) one copy of Form No. 25, Sundry Notice and Reports on Wells, for the above-mentioned well.

If you have any questions or need further information, please feel free to call me at 469-420-2723.

Sincerely,

  
Natalie Krueger  
Regulatory Analyst

RECEIVED  
DEC 14 2004

[nkrueger@magnumhunter.com](mailto:nkrueger@magnumhunter.com)

600 East Las Colinas Blvd.  
Suite 1100  
Irving, TX 75039  
469-420-2723 (phone)  
469-420-2710 (fax)

# Gruy Petroleum Management Co

December 10, 2004

Arizona Geological Survey  
416 West Congress; Ste. 100  
Tucson, AZ 85701  
Attn: Mr. Steven Rauzi

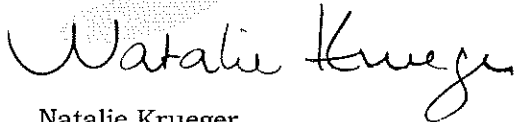
RE: Santa Fe Whispership <sup>4</sup>/<sub>28</sub>-6  
API: 02-001-20325  
1675' FNL & 2420' FWL  
Sec 24-T20N-R28E  
Apache Co, AZ

Dear Mr. Rauzi,

Please find enclosed (1) one original and (1) one copy of Form No. 4, Well Completion or Recompletion Report and Well Log, for the above-mentioned well.

If you have any questions or need further information, please feel free to call me at 469-420-2723.

Sincerely,



Natalie Krueger  
Regulatory Analyst

RECEIVED

DEC 13 2004

[nkrueger@magnumhunter.com](mailto:nkrueger@magnumhunter.com)

600 East Las Colinas Blvd.  
Suite 1100  
Irving, TX 75039  
469-420-2723 (phone)  
469-420-2710 (fax)

# Gruy Petroleum Management Co

November 29, 2004

Arizona Geological Survey  
416 West Congress; Ste. 100  
Tucson, AZ 85701  
Attn: Mr. Steven Rauzi

RE: Santa Fe Whispership 26-6  
API: 02-001-20325  
1675' FNL & 2420' FWL  
Sec 24-T20N-R28E  
Apache Co, AZ

Dear Mr. Rauzi,

Please find enclosed (1) one original and (1) one copy of Form No. 25, Sundry Notice and Reports on Wells, for the above-mentioned well.

If you have any questions or need further information, please feel free to call me at 469-420-2723. I'm very sorry for the tremendous delay-the folder got lost under the mountain of paperwork on my desk.

Sincerely,



Natalie Krueger  
Regulatory Analyst

921  
RECEIVED  
DEC 02 2004

nkrueger@magnumhunter.com



600 East Las Colinas Blvd.  
Suite 1100  
Irving, TX 75039  
469-420-2723 (phone)  
469-420-2710 (fax)

# Gruy Petroleum Management Co

November 11, 2004

Arizona Geological Survey  
416 West Congress; Ste. 100  
Tucson, AZ 85701  
Attn: Mr. Steven Rauzi

921

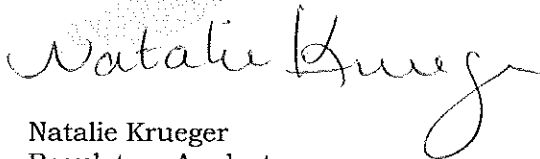
RE: Santa Fe Whispership 24-6  
API: 02-001-20325  
1675' FNL & 2420' FWL  
Sec 24-T20N-R28E  
Apache Co, AZ

Dear Mr. Rauzi,

Please find enclosed (1) one original and (1) one copy of Form No. 25, Sundry Notice and Reports on Wells, for the above-mentioned well.

If you have any questions or need further information, please feel free to call me at 469-420-2723.

Sincerely,



Natalie Krueger  
Regulatory Analyst

nkruieger@magnumhunter.com

V. 77, no. 215

921

## Drilling Wire™

### Rocky Mountain



Jim Anderson-Managing Editor  
Phone: 303-736-3639  
Email: jim.anderson@ihsenergy.com

Ed Marker-Editor  
Phone: 303-736-3232  
Email: ed.marker@ihsenergy.com

Bob Knowles-Editor  
Phone: 303-736-3586  
Email: bob.knowles@ihsenergy.com

Steve Trammel-Product Manager  
Phone: 303-736-3259  
Email: steve.trammel@ihsenergy.com

For questions regarding well or production data, you may e-mail well.data@ihsenergy.com, or production.data@ihsenergy.com  
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## Gruy preparing to drill northeastern Arizona wildcat

MILAN, NEW MEXICO-BASED Stewart Brothers Drilling Co is moving in a rig to drill a wildcat for Gruy Petroleum Management Co on the Defiance Uplift in northeastern Arizona approximately 40 miles southwest of Gallup, New Mexico (RMRR 10-5-04).

The 24-6 Santa Fe-Whispership, ne sw 24-20n-28e, central Apache County, will be drilled to about 1300 ft for evaluation of Coconino (Permian) gas zones.

Gruy also has location staked for a second wildcat in the vicinity at the 12-11 Santa Fe-Goodyear, ne sw 12-20n-28e, projected to 1200 ft in Coconino.

The area is approximately six miles east-northeast of the aban-

doned Navajo Springs East field, which produced 96.1 million cu ft of gas from Shinarump (Triassic) and Coconino above 1500 ft.

Gruy is carrying out a shallow gas exploration and development program for its parent company, Irving, Texas-based Magnum Hunter Resources Inc, through a joint venture arrangement with CDX LLC and CDX Frontier LLC over an area of mutual interest (AMI) covering approximately six million acres in the southern San Juan Basin of New Mexico (RMRR 9-24-03). Magnum Hunter has a leasehold of 455,406 acres in Arizona with an option to acquire another 1.8 million acres in the state.

### Utah state sale (continued from Page 1)

Wolverine's 17-1 Kings Meadow Ranches in se nw 17-23s-1w, a 700-bbl-per-day Navajo oil discovery. The latter well, which has produced over 100,000 bbls of oil since its completion in April 2004 (RMRR 10-18-04), is capable of producing about 2,500 bbls of oil daily, according to Wolverine.

The Grand Rapids, Michigan-based company characterizes the Navajo play as "a leading-edge thrust belt structure" that resembles the Absaroka Thrust. It's an estimated one-billion-bbl play, according to Wolverine, with its first closure alone containing between 75 million and

(Continued on Page 4)

### Contents

Newsletter .....	Section I
Eastern Colorado .....	Section II
Nebraska .....	Section III



# High Plains Petroleum Corporation

3860 Carlock Dr. Boulder, CO 80305 303-494-4529

November 3, 2004

921

Mr. Steven L. Rauzi  
Oil and Gas Administrator  
Arizona Geological Survey  
416 W. Congress, Suite 100  
Tucson, Arizona 85701

Re: Information on Magnum Hunter

Dear Steve,

As we discussed this morning, we learned from Ryder Scott's qualitative assessment of the oil and gas potential of New Mexico and Arizona Land Company's properties that Magnum Hunter has leased over 455,000 acres in Arizona, has 22 undrilled structures with helium potential in Apache County and plans to drill three (3) wells this year. To verify that information, Scott checked Magnum Hunter's website, and we verified everything except the number of wells. Copies of the information from Magnum Hunter's investor presentation are attached.

We may drive down to Florida and visit my mother this month, because LeBlanc has informed us that he has been unable to get a mudlogger for Holbrook Energy's Concho Dome well until mid-December, and Stewart Brothers won't have their bigger rig available until next month. That really works out well, because someone will be there while my sister is going to Phoenix to visit my nieces at Thanksgiving.

Have a good vacation and a Happy Thanksgiving!

Sincerely,

John Somers

High Plains Petroleum

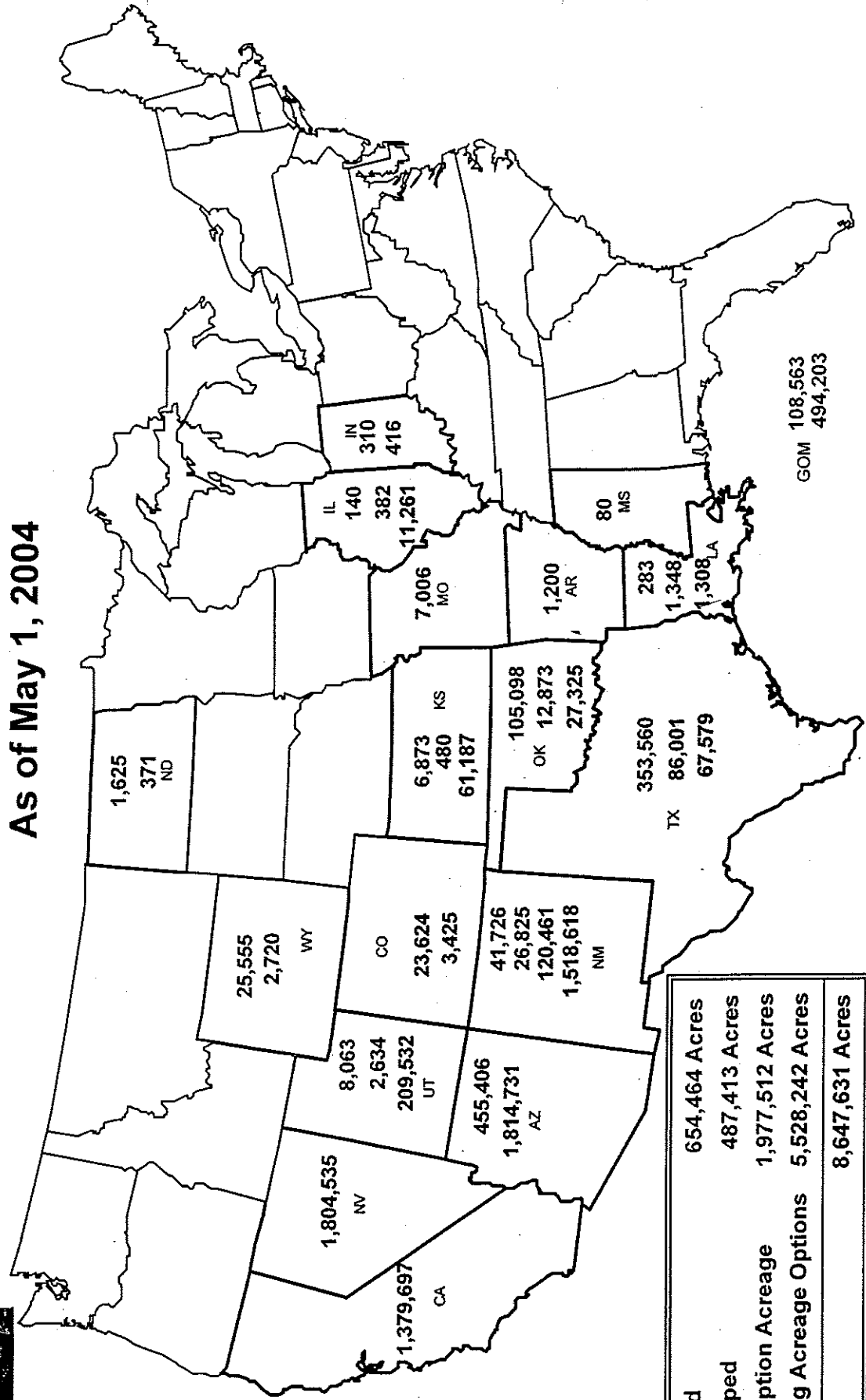
Attachments



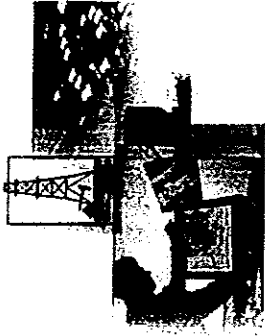
# Mineral Leasehold Acreage Ownership Position

(Net Acres)

As of May 1, 2004



Developed	654,464 Acres
Undeveloped	487,413 Acres
Leased Option Acreage	1,977,512 Acres
Remaining Acreage Options	5,528,242 Acres
<b>Total</b>	<b>8,647,631 Acres</b>



## Frontier Regions

- **COALBED METHANE**
  - Chaco Menefee Area: Six Townships (216 sections): San-Juan and McKinley Counties, New Mexico
  - Rio Puerco Area: (50 sections): Bernalillo County New Mexico
  - Raton Basin- Morley Area: (16,000 acres) Las Animas County, Colorado and Colfax County, New Mexico
- **HELIUM PLAY - NORTHEASTERN ARIZONA**
  - Navajo Springs; East Navajo Springs: Apache County, Arizona- 1 BCF Helium potential
  - 22 additional undrilled leased structures updip from Helium shows- Apache County, Arizona
  - 2 new wells (100% W.I.) to be drilled in the 3<sup>rd</sup> Quarter
- **CO2 PLAY – NORTHEASTERN ARIZONA**
  - St John's anticline: (28 sections) Apache County, Arizona – Market – Food processing
- **GEOHERMAL- IMPERIAL VALLEY CALIFORNIA**
  - Salton Sea Unit - 5,867 potential geothermal acres

V. 77, no. 139

921

## New exploration in store for northeastern Arizona

**G**RUY PETROLEUM Management Co has staked a pair of shallow wildcats targeting Coconino (Permian) gas on the Defiance Uplift in northeastern Arizona approximately 40 miles southwest of Gallup, New Mexico.

The central Apache County ventures are the 12-11 Santa Fe-Goodyear, ne sw 12-20n-28e, projected to 1200 ft, and—two miles to the south—the 24-6 Santa Fe-Whispership, ne sw 24-20n-28e, targeted to 1300 ft. Stewart Brothers Drilling Co, Milan, New Mexico, is under contract.

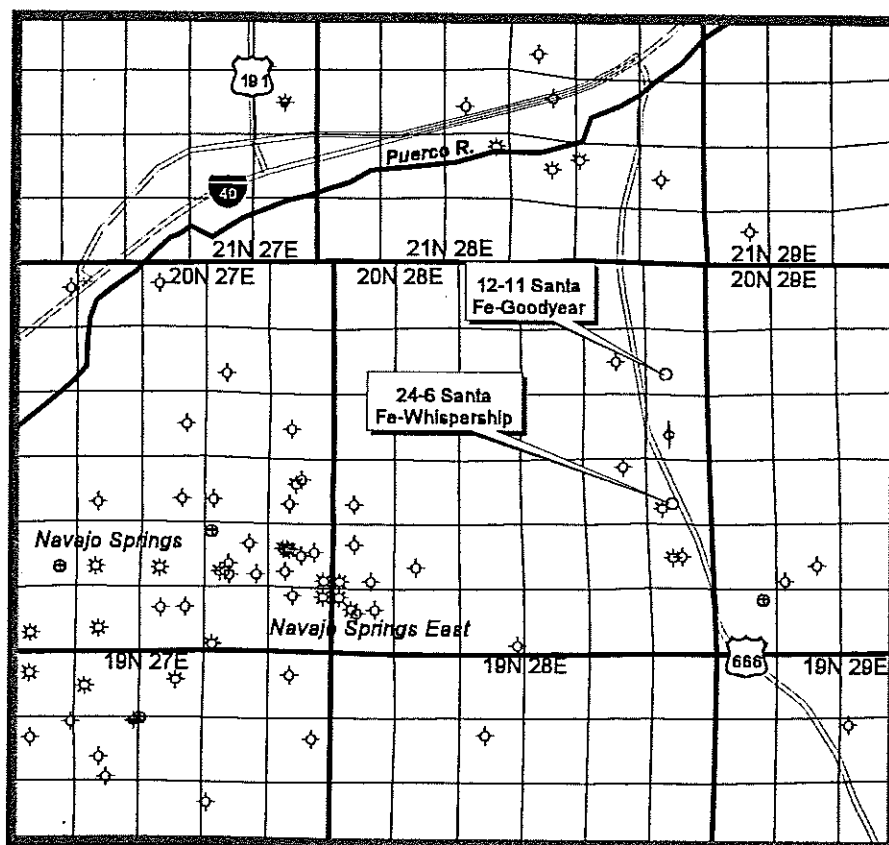
The area is approximately six miles east-northeast of the abandoned Navajo Springs East field, which produced 96.1 million cu ft of gas from Shinarump (Triassic) and Coconino above 1500 ft.

Gruy's 12-11 Santa Fe-Goodyear is about a mile north of a 1230-ft dry hole drilled in 1971 by Eastern Petroleum Corp at the 1 Kiva-Santa Fe in ne sw 13-20n-28e. At that wildcat, swab tests were conducted in an open-hole Coconino interval at 1186-1230 ft. Formation tops include Shinarump at 1040 ft and Coconino at 1174 ft, measured from a kelly bushing elevation of 6181 ft.

The 24-6 Santa Fe-Whispership is a twin to a 1230-ft dry hole, Eastern Petroleum Corp's 2 Kiva

State-Santa Fe, also in ne sw 24-20n-28e. That well, which was plugged in 1975, recovered an undisclosed amount of gas on flow tests of an open-hole Coconino interval at 1218-30 ft. Log tops include Chinle at 590 ft, Monitor Butte 950, Shinarump 1010, Moenkopi 1060 and Coconino at 1175 ft, measured from a 6169-ft kelly bushing elevation.

Gruy is carrying out a shallow gas exploration and development program for its parent company, Irving, Texas-based Magnum Hunter Resources Inc, through a joint venture arrangement with CDX LLC and CDX Frontier LLC over an area of mutual interest (AMI) covering approximately six million acres in the southern San Juan Basin of New Mexico (RMRR 9-24-03).

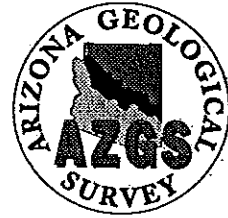




Janet Napolitano  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500  
[www.azgs.az.gov](http://www.azgs.az.gov)



Larry D. Fellows  
Director and State Geologist

October 1, 2004

Mr. Zeno Farris  
Gruy Petroleum Management Co  
600 East Las Colinas Blvd Ste 1100  
P O Box 140907  
Irving TX 75014-0907

Re: Gruy Petroleum 12-11 Santa Fe Goodyear, Sec. 12-20n-28e, Apache Co., Permit 920  
Gruy Petroleum 24-6 Santa Fe Whispership, Sec. 24-20n-28e, Apache Co., Permit 921

Dear Mr. Farris:

I have enclosed approved applications to drill, performance bond; permits to drill 920 and 921, and filing-fee receipts 3125 and 3126.

The applications are approved on the condition that Gruy Petroleum conduct its operations in compliance with all applicable statutes and rules of the State of Arizona and that Gruy Petroleum or its designated representative *notify me at least 24 hours* before you:

- Move in drilling equipment and commence operations,
- Run and cement surface casing, and
- Nipple up and test the BOPE

An operator shall post a sign at the well site pursuant to A.A.C. R12-7-106 and submit drilling samples and all other well data and information pursuant to A.A.C. R12-7-121. Several Sundry Notice forms are enclosed for your use in reporting all pertinent drilling and testing activity to the Oil and Gas Conservation Commission of the State of Arizona. Daily drilling reports shall detail the spud date, progress and status of the well and shall be submitted to the Commission on a weekly basis through the completion of operations.

Sincerely,

Steven L. Rauzi  
Oil & Gas Administrator

Enclosures

c J. Dale Nations, Chairman, Oil and Gas Conservation Commission  
Larry D. Fellows, Director and State Geologist



## **Gruy Petroleum Management Co.**

600 East Las Colinas Blvd. ♦ Suite 1100 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6450

Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

*A subsidiary of Magnum Hunter Resources, Inc. • A NYSE Listed Company • "MHR"*

September 28, 2004

Arizona Geological Survey  
416 West Congress Ste 100  
Tucson AZ 85701  
Attn: Mr. Steven Rauzi

Re: Santa Fe Goodyear 12-11  
Santa Fe Whispership 24-6  
All Sections 12 & 24 T20N-R28E, Apache County AZ

Dear Mr. Rauzi:

Enclosed are one (2) originals of Application for Permit to Drill for the referenced Coconino tests. We are also enclosing the following documents for your consideration:

1. Organization Report for Gruy Petroleum Management Co.
2. Arizona Blanket Bond in the amount of \$25,000.
3. Check No. 22099241 & 22099242 for \$25 payable to the Arizona Geological Survey.

If you have any questions, or require additional information, please feel free to contact the undersigned at 972-443-6489.

Sincerely,

A handwritten signature in cursive script that reads "Zeno Farris".

Zeno Farris  
Manager Operations, Administration

**RECEIVED**

**SEP 29 2004**